

INITIATIVE 787

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 787 to the People is a true and correct copy as it was received by this office.

1 AN ACT Relating to eliminating motor vehicle and special fuel
2 exemptions from sales and use tax; amending RCW 82.08.0255 and
3 82.12.0256; and creating new sections.

4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

5 POLICIES AND PURPOSES

6 NEW SECTION. **Sec. 1.** This measure eliminates the exemption of
7 motor vehicle and special fuel from taxation under the retail sales and
8 use tax. By the intention expressed in this section, it initially
9 directs the resulting revenues accruing to the state on a per capita
10 basis to public transit in urban areas and support for critical
11 services and facilities in rural areas. At the time new revenues of a
12 commensurate amount are applied to these purposes, the revenues
13 generated by this act will devolve to general, unrestricted purposes.
14 The revenues from local options portions would not be restricted. The
15 citizens of the state are beset by several critical problems at the
16 same time: A significant economic recession, a transportation system
17 reaching gridlock, inadequate public transportation, increasing costs
18 for transportation infrastructure, inadequate revenues to local

1 jurisdictions for basic public services, and environmental and quality
2 of life issues arising from the overuse of motor fuels. Irresponsible
3 and unwise reductions in taxing authority and attacks on the public
4 good have arisen from both inside and outside state government, and
5 have combined with these other problems and have resulted in a crisis
6 of desperate proportions affecting all areas of the state. Motor fuels
7 have been unwisely exempted from taxation other than for means which
8 promote their use, that is, road and highway construction. Current
9 motor fuel taxes cannot by constitutional rule be used for many of the
10 short-term and long-term costs that arise from the system design that
11 depends heavily on their use. These costs are driving business away
12 from the state, but are not confined to business, and include
13 environmental and social costs on a huge scale. So long as real
14 solutions are delayed, the scope of the problem is expanded. This
15 measure provides immediate revenue for critical priorities of state and
16 local jurisdictions. The revenues released from ending the tax subsidy
17 of motor vehicle and special fuel are intended to first meet the
18 critical needs for public transit, but are ultimately not restricted in
19 their application and may be flexibly applied to critical priorities.
20 This measure does not raise any tax rate, but only broadens the base of
21 the retail sales and use tax by applying it to motor vehicle and
22 special fuel.

23 **ELIMINATING THE EXEMPTION OF MOTOR VEHICLE AND SPECIAL FUEL**
24 **FROM THE RETAIL SALES TAX AND USE TAX**

25 **Sec. 2.** RCW 82.08.0255 and 1998 c 176 s 4 are each amended to read
26 as follows:

27 ~~((1))~~ The tax levied by RCW 82.08.020 shall not apply to sales
28 of ~~((~~

29 ~~(a))~~ motor vehicle fuel used in aircraft by the manufacturer
30 thereof for research, development, and testing purposes ~~((~~ and

31 ~~(b) Motor vehicle and special fuel if:~~

32 ~~(i) The fuel is purchased for the purpose of public transportation~~
33 ~~and the purchaser is entitled to a refund or an exemption under RCW~~
34 ~~82.36.275 or 82.38.080(3); or~~

35 ~~(ii) The fuel is purchased by a private, nonprofit transportation~~
36 ~~provider certified under chapter 81.66 RCW and the purchaser is~~

1 entitled to a refund or an exemption under RCW 82.36.285 or
2 82.38.080(1)(h); or
3 (iii) The fuel is taxable under chapter 82.36 or 82.38 RCW.
4 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the
5 sale of special fuel delivered in this state shall be entitled to a
6 credit or refund of such tax with respect to fuel subsequently
7 established to have been actually transported and used outside this
8 state by persons engaged in interstate commerce. The tax shall be
9 claimed as a credit or refunded through the tax reports required under
10 RCW 82.38.150)).

11 **Sec. 3.** RCW 82.12.0256 and 1998 c 176 s 5 are each amended to read
12 as follows:

13 The provisions of this chapter shall not apply in respect to the
14 use of((÷

15 (1))) motor vehicle fuel used in aircraft by the manufacturer
16 thereof for research, development, and testing purposes((÷ and

17 (2) Special fuel purchased in this state upon which a refund is
18 obtained as provided in RCW 82.38.180(2); and

19 (3) Motor vehicle and special fuel if:

20 (a) The fuel is used for the purpose of public transportation and
21 the purchaser is entitled to a refund or an exemption under RCW
22 82.36.275 or 82.38.080(3); or

23 (b) The fuel is purchased by a private, nonprofit transportation
24 provider certified under chapter 81.66 RCW and the purchaser is
25 entitled to a refund or an exemption under RCW 82.36.285 or
26 82.38.080(1)(h); or

27 (c) The fuel is taxable under chapter 82.36 or 82.38 RCW:
28 PROVIDED, That the use of motor vehicle and special fuel upon which a
29 refund of the applicable fuel tax is obtained shall not be exempt under
30 this subsection (3)(c), and the director of licensing shall deduct from
31 the amount of such tax to be refunded the amount of tax due under this
32 chapter and remit the same each month to the department of revenue)).

33 **CONSTRUCTION CLAUSE**

34 NEW SECTION. **Sec. 4.** The provisions of this act are to be
35 liberally construed to effectuate the policies and purposes of this
36 act.

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SEVERABILITY CLAUSE

2 NEW SECTION. **Sec. 5.** If any provision of this act or its
3 application to any person or circumstance is held invalid, the
4 remainder of the act or the application of the provision to other
5 persons or circumstances is not affected.

6

LEGISLATIVE INTENT

7 NEW SECTION. **Sec. 6.** The people have clearly and repeatedly
8 expressed in numerous referendums, initiatives, and by the election of
9 office holders their desire to fully fund the essential services of
10 their government, including the construction and maintenance of
11 transportation systems, the provision of education, policing, and other
12 essential services and facilities. The purposes of the people have
13 been frustrated and are currently under attack by irresponsible
14 elements and individuals who promise that which they cannot deliver.

15 Free riders are reminded:

16 (1) The prerogatives of citizenship come with responsibilities.

17 (2) Shirkers and free riders do not eliminate the needs of the
18 people, only shift the costs to others, often to those in subsequent
19 generations who cannot now vote.

20 (3) The people have through their government produced an elaborate
21 and effective road and transportation system at a very low cost, a
22 system which is now facing crisis.

23 (4) Access to government by the initiative process is not a license
24 to loot the public good for personal gain.

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